by officials of the Farm Credit institutions. Farm Credit Administration is considering amending this regulation pursuant to 12 U.S.C. 2243 and 2252 to clarify the conditions under which such information may be made available to third parties, including Government authorities.

None of the proposed amendments to the above regulations will result in (a) an annual effect upon the economy of $100 million or more, or (b) a major increase in costs or prices for individual industries, levels of government, or geographic regions. Therefore, regulatory analysis of the type required by section 3 of Executive Order 12044 will not be prepared for these proposals.

SIGNIFICANT REGULATIONS SELECTED FOR REVIEW

Federal land Bank and Federal Intermediate Credit Bank Credit Review

[12 CFR 614.4051]

This regulation sets out the requirements which should be included in a bank's prescription of credit review criteria.

Special Credit Needs

[12 CFR 614.4165]

This regulation accommodates the credit needs of young farmers and farmers engaged in highly specialized and high risk enterprises.

Loans Subject to Prior Approval

[12 CFR 614.4470]

This regulation sets out the type of loans which require prior approval of the district bank.

Irregularities

[12 CFR 617.7100-7170]

These regulations govern the investigation, reporting, and referral for criminal action of irregularities by bank and association personnel, borrowers, and others.

Internal Controls

[12 CFR 618.8430]

This regulation provides for the establishment of internal control policies to, among other things, account for all funds, property, and other assets of the Farm Credit banks and associations.

STATUS OF REGULATIONS PREVIOUSLY SELECTED FOR REVIEW

On October 31, 1978, the Farm Credit Administration published in the Federal Register (43 FR 50735) lists of significant regulations under development and review. The current status of those regulations is as follows:

Nepotism

[12 CFR 612.2030]

The proposed amendment to this regulation will be submitted to the Federal Farm Credit Board on April 2-4, 1978, for final approval. See Significant Regulations Under Development, above.

Banks for Cooperatives

[12 CFR 614.4334]

The proposed amendment to this regulations will be submitted to the Federal Farm Credit Board on April 2-4, 1979, for final approval. See Significant Regulations Under Development, above.

Annual Budget and Projections

[12 CFR 615.5210]

This regulation was reviewed and no changes are contemplated at this time.

Release of Information

[12 CFR 618.8300-8350]

Proposed amendments to these regulations are currently being developed. See Significant Regulations Under Development, above.

Internal Controls

[12 CFR 618.8430]

This regulation continues under review by a task force which is developing recommendations as to the manner in which this regulation should be amended. See Significant Regulations Selected for Review.

Donald E. Wilkinson,
Governor,
Farm Credit Administration.

[FR Doc. 79-9720 Filed 3-29-79; 8:45 am]

[6750-01-M]

FEDERAL TRADE COMMISSION

[16 CFR Part 13]

[File No. 9099]

BELL & HOWELL CO., ET AL.

Consent Agreement with Analysis To Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Provisional consent agreement.

SUMMARY: In settlement of alleged violations of federal law prohibiting unfair acts and practices and unfair methods of competition, this provisionally accepted consent agreement, among other things, would require a Lincolnwood, Ill. seller of home study courses and its subsidiary to cease misrepresenting admission criteria, potential earnings, employment opportunities, and the need or demand for their graduates. The firms would be further prohibited from misrepresenting the effectiveness of their job placement service; that experience is not required or advantageous in obtaining employment; that their courses are endorsed by a governmental agency; and that students are provided with instructional assistance. The order would also require the companies to make prescribed disclosures regarding the job success of previous students; the manner in which contracts can be cancelled; and the method used to calculate tuition obligations should a student drop out of a course. Additionally, Bell & Howell would be required to deposit in an escrow account the sum of $1.2 million to provide refunds for former eligible students.

DATE: Comments must be received on or before May 29, 1979.

ADDRESS: Comments should be directed to: Office of the Secretary, Federal Trade Commission, 6th St. and Pennsylvania Ave., N.W., Washington, D.C. 20580.

FOR FURTHER INFORMATION CONTACT:

Paul W. Turley, Director, 3R, Chicago Regional Office, Federal Trade Commission, 55 East Monroe St., Suite 1437, Chicago, Ill. 60603. (312) 353-4423.

SUPPLEMENTARY INFORMATION: Pursuant to Section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46 and § 3.25(f) of the Commission's rules of practice (16 CFR 3.25(f)), notice is hereby given that the following consent agreement containing a consent order to cease and desist and an explanation thereof, having been filed with and provisionally accepted by the Commission, has been placed on the public record for a period of sixty (60) days. Public comment is invited. Such comments or views will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with § 4.9(b)(14) of the Commission's rules of practice (16 CFR 4.9(b)(14)).

[Docket No. 9099]

AGREEMENT CONTAINING CONSENT ORDER TO CEASE AND DESIST

Bell & Howell Co., and Bell & Howell Schools, Inc.

The agreement herein, by and between Bell & Howell Company, a corporation, by its duly authorized officer, and Bell & Howell Schools, Inc., a corporation, by its duly authorized officer, hereafter sometimes referred to as respondents, and their attorneys, and counsel for the Federal Trade Commission, is entered into in accordance with the Commission's rules gov-

erning consent order procedure. In accordance therewith the parties hereby agree that:

1. Respondent Bell & Howell Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 7100 McCormick Avenue, Lincolnwood, Illinois 60645.

Respondent Bell & Howell Schools, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 2201 West Howard, Evanston, Illinois 60202.

2. Respondents have been served with a copy of the complaint issued by the Commission on May 27, 1977, charging them with violation of Section 5 of the Federal Trade Commission Act, as amended, and have filed answers to said complaint denying said charges.

3. Respondents admit all the jurisdictional facts set forth in the Commission's complaint in this proceeding.

4. Respondents waive;

(a) Any further procedural steps;

(b) The requirement that the Commission's decision contain a statement of findings of fact and conclusions of law; and

(c) All rights to seek judicial review or otherwise to challenge or contest the validity of the order entered pursuant to this agreement.

5. This agreement shall not become a part of the public record of the proceeding unless and until it is accepted by the Commission. If this agreement is accepted by the Commission it, together with related materials pursuant to Rule 3.25(f), will be placed on the public record for a period of sixty (60) days and information in respect thereto publicly released. The Commission thereafter may either withdraw its acceptance of this agreement and so notify the respondents, in which event it will return the matter to adjudication for further proceedings, or take such action as it may consider appropriate, or issue and serve its decision, in disposition of the proceeding. The Commission may, at any time pending issue of this order, require hearings on the relief requirements provided by this order.

6. This agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in the complaint issued by the Commission. Although respondents contest any liability to individuals with respect to the acts and practices alleged in the Commission's complaint, respondents have agreed pursuant to Paragraphs 9 through 13 of this Agreement and Part III of this Order to transfer funds to an Escrow Account at the Continental Illinois National Bank & Trust Company of Chicago under written escrow instructions executed by the respondents to provide for satisfaction of such asserted liabilities. Contests with respect to such asserted liabilities to individuals have been neither settled nor abandoned at the time of respondents' transfer of funds into escrow; however, the written order of the Federal Trade Commission or its designee providing for distribution of the funds placed in escrow and negotiation of checks issued pursuant to such order by the drawees shall constitute complete settlement and compromise of such claims. It is the intent of the parties hereto that such transfer satisfy in all respects the requirements of section 461(f) of the Internal Revenue Code of 1954.

7. This agreement contemplates that, if it is accepted by the Commission, and if such acceptance is not subsequently withdrawn by the Commission pursuant to the provisions of § 3.25(f) of the Commission's rules, the Commission may, without further notice to the respondents: (1) Issue its decision containing the following order to cease and desist in disposition of the proceeding, and (2) make information public in respect thereto. When so entered, the order to cease and desist shall have the same force and effect and may be altered, modified or set aside in the same manner and within the same time as that provided by statute for other orders. The order shall become final upon service. Delivery by the U.S. Postal Service of the decision containing the agreed-to order to respondents' addresses as stated in this agreement shall constitute service. Respondents waive any right they may have to any other manner of service. The complaint may be used in construing the terms of the order and no agreement, understanding, representation, or interpretation not contained in the order or the agreement may be used to vary or contradict the terms of the order.

8. Respondents have read the complaint and order contemplated hereby. They understand that once the order has been issued, respondents will be required to file one or more compliance reports showing that they have fully complied with the order. Respondents further understand that they may be liable for a civil penalty in the amount provided by law for each violation of the order after it becomes final.

9. Respondents agree to establish, by September 15, 1978, an Escrow Account at the Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago, Illinois 60693, and designate Continental Bank as the escrow agent to receive monies, information and documents, to disburse monies, and to carry out such other functions as may be provided for pursuant to the terms of this agreement and the written direction of the Federal Trade Commission or its designee. The duties of the Escrow Agent shall be as outlined in the Escrow Instructions, attached hereto as Appendix C, and incorporated herein. Further, the parties agree to be bound to the terms of said Escrow Instructions whether or not they are signatories thereto.

10. Respondents agree to deposit in said Escrow Account the amount of $1,200,000 by September 15, 1978.

11. All interest earned on the funds deposited in the Escrow Account shall be added to the Escrow Account and disbursed by the Escrow Agent pursuant to the terms of this agreement, the Escrow Instructions, and the written direction of the Federal Trade Commission or its designee.

12. (a) Respondents shall incur no financial obligation, except as provided in Paragraphs 8 and 10 above.

(b) In the event a ruling or determination is not obtained from the Internal Revenue Service that the income earned by the Escrow Account is not taxable, respondents shall be entitled to distributions from the Escrow Account annually in an amount equal to corporate income tax liabilities which would be payable on the income earned by the Escrow Account on the assumption that the income earned by the Escrow Account is taxable to respondents as earned. Following termination of the escrow, if it is determined (1) that the income earned by the Escrow Account is not taxable or (2) that respondents are entitled to a tax benefit less than the amount paid in income taxes on such income, respondents shall pay to the Federal Trade Commission or its designee the amount of any tax refund attributable to such determination(s), which shall be distributed pursuant to the written directions of the Federal Trade Commission or its designee pursuant to Part IV of this order. Further, any personal property taxes or any other taxes or assessments levied against, or paid by, respondents on the principal amount of the Escrow Account, or any income earned thereon, shall be paid to respondents from the Escrow Account as paid by respondents. The Federal Trade Commission or its designee agrees to issue such instructions to the escrow agent as necessary to order payments to the respondents pursuant to this paragraph 12(b).

13. No part of the funds deposited by respondents in the Escrow Account shall revert back or be returned to respondents unless:

(a) The Federal Trade Commission fails to accept this Agreement pursu-

ant to § 3.25 of the Commission rules of practices, in which event the entire amount deposited with the Escrow Agent, together with any interest earned thereon, less accrued escrow fees and expenses, shall be returned to Respondents; or

(b) The Escrow Account and any interest earned thereon exceeds the sum of (1) the total amount of refunds paid pursuant to Part IV of this agreement, plus (2) the costs incurred by the Federal Trade Commission or Escrow Agent directly or pursuant to the written directions of the Federal Trade Commission or its designee, in determining the manner in which the Escrow Account should be disbursed, plus (3) the fees charged by the Escrow Agent, in which case the remaining funds in the Escrow Account shall be returned to respondents.

14. Respondents agree to provide the Federal Trade Commission or its designee access on respondent's premises to any student file folders maintained by respondents, provided the Federal Trade Commission has the consent of the students whose files are sought for inspection.

15. Compliance with Paragraphs 9 through 13 of this Agreement and Part III of this Order satisfies fully any claim for consumer redress which the Commission has or may have, including those under Sections 5(b) and 19 of the Federal Trade Commission Act, as amended, arising out of the acts and practices alleged in the complaint. By its final acceptance of this agreement, the Commission waives its right to commence a civil action, including any under Section 19 of the Federal Trade Commission Act, as amended, with respect to the acts and practices alleged in the Commission's complaint.

16. (a) It is agreed that receipt by a student of a refund pursuant to this Agreement and Order does not cancel or reduce any outstanding tuition or loan obligation that the student may have as a result of his/her enrollment in any Bell & Howell Schools, Inc. correspondence course.

(b) It is agreed that any letter informing purchasers of their possible rights to a refund and the covering letter accompanying each refund check pursuant to Part IV of the Order will include a statement in the following form:

"Acceptance of any refund does not cancel or reduce any outstanding tuition or loan obligation you may have as a result of your enrollment in any Bell & Howell Schools, Inc. correspondence course."

ORDER

I

It is ordered, That respondents Bell & Howell Company, a corporation, and Bell & Howell Schools, Inc., a corporation, their successors and assigns and their agents, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division, franchise or other device in connection with the advertising, promoting, offering for sale, sale or distribution of home study courses, home study training or home study instruction in the fields of accounting, television repair, electronics, or any other subject, trade or vocation in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended, do forthwith cease and desist from:

1. Representing, orally, visually, in writing or in any other manner, directly or by implication, that:

(a) There is a significant or substantial need or demand for persons completing any of respondents' courses offered in the fields of accounting, television repair, electronics, or any other field or otherwise representing that significant or substantial opportunities for employment, or significant or substantial opportunities of any other type, are available to such person, or that persons completing said courses will or may earn a specified amount of money, or otherwise representing by any means the prospective earnings of such persons, unless such representations are accompanied by a written disclosure form which contains the following information under the heading "Placement Record" in the format prescribed in Appendix A and for the most recently completed base period designated as described in Appendix B:

(1) The number and percentage of graduates who, within four months of leaving the course, obtained employment in jobs for which the course prepared them;

(2) The number of these graduates by their yearly gross salary, in increments of two thousand dollars ($2,000);

(3) The percentage of these graduates within each salary increment to the total number of graduates;

(4) At its option, the number and percentage of these graduates who refused to provide salary information.

Provided, however, That this subparagraph (a) shall be inapplicable to any course newly introduced by respondents until such time as the new course has been in operation for the base period established pursuant to Appendix B as prescribed in this Paragraph. However, during such period the following statement, and no other, shall be made in lieu of the Appendix A Disclosure Form required by this Paragraph:

DISCLOSURE NOTICE

Because this course is new, we can't tell you how our previous students did or about your chances of getting a job when you finish. All we can talk about is the general demand for people in the field we train you for. But this demand may be higher or lower in the area where you live, and it can change in the future. Or you may need some past experience in the field. We suggest you speak to a counselor or state employment office about these things.

(b) Experience is not required or advantageous for employment in the fields of accounting, television repair, electronics, or any other field, or misrepresenting in any manner the qualifications or requirements necessary to obtain employment in the fields of accounting, television repair, electronics or any other field.

2. Misrepresenting orally, visually, in writing or in any other manner, directly or by implication:

(a) The employment prospects of respondents' graduates or the ease with which respondents' graduates will obtain employment.

(b) The types of jobs available to respondents' graduates, or that there will be job security or steady employment for respondents' graduates in positions for which respondents train such persons.

(c) The effectiveness or the success of the placement service offered by respondents in placing their graduates in positions in the fields of accounting, television repair, electronics, or any other field.

(d) That the placement service offered by respondents has names of employers seeking respondents' graduates in the fields of accounting, television repair, electronics, or any other field; or misrepresenting in any manner the capabilities, functions or service offered by respondents' placement service.

3. Representing orally, visually, in writing or in any other manner, directly or by implication, that:

(a) Help sessions are available or personalized instruction and assistance are provided to respondents' home study students, unless, regarding help sessions, any representation is accompanied by a statement which clearly and fully discloses the time, dates, and locations of help sessions scheduled for the location in which such representation is made for the 12-month period immediately following such representation; *Provided, however*, That if any changes are made in the time or location of help sessions, all students shall be notified of such changes within 30 days.

(b) Instruction or assistance is available to home study students through telephone services provided by respondents, unless any representation regarding telephone services is accompanied by a statement which clearly and fully discloses the time of operation of such telephone services, discloses whether use of such telephone service is at the student's expense, and

informs the student that incoming telephone lines might be busy.

4. Failing to disclose, in writing, clearly and conspicuously, prior to the signing of any contract, to any prospective enrollee in any course of instruction offered by respondents, the admission criteria, if any, required or enrollment in the school, the number of written lessons required to be submitted by the student, the educational or occupational background needed for successful completion of the course, and if a representation is made that equipment will be furnished in the course, the number of written lessons that must be completed before the student receives any equipment furnished in the course.

5. Failing to disclose, in writing, clearly and conspicuously, prior to the signing of any contract, to any prospective enrollee in any accounting course offered by respondents, the following information in the following form:

(a) The title "IMPORTANT INFORMATION" printed in ten (10) point bold face type across the top of the form.

(b) Paragraphs providing the following information:

(1) Many employers of accountants require accountant-applicants to have a college degree or prior work experience in the field of accounting.

(2) Many employers of accountants give preferential consideration in hiring to accountant-applicants who are Certified Public Accountants (CPAs). Each of the 50 states has different requirements for the CPA examination. Before you enroll in this course, be sure to check with the Secretary of the State Board of Accountancy of your state to determine whether, after you've graduated from this course, you will be qualified to take the CPA examination.

6. Failing to disclose, in writing, clearly and conspicuously, prior to the signing of any contract, to any prospective enrollee in any television repair or electronics course offered by respondents, the following information in the following form:

(a) The little "IMPORTANT INFORMATION" printed in ten (10) point bold bold face type across the top of the form.

(b) Paragraphs providing the following information:

(1) Many employers of television repairmen or electronics technicians require applicants to have additional educational experience and/or previous occupational experience in the field of electronics.

(2) If you intend to open your own television or electronics intertainment equipment repair shop, you may need more training and experience than this course will give you.

7. Failing to keep adequate records which may be inspected by Commission staff members upon reasonable notice which substantiate the data and information required to be disclosed by Part I, Paragraphs 1(a) and 8 of this Order and prescribed in Appendix A.

8. Failing to disclose, in writing, clearly and conspicuously, prior to the signing of any contract, to any prospective enrollee in any course of instruction in the fields of accounting, television repair, electronics or any other subject, trade or vocation offered by respondents, the following information in the format prescribed in Appendix A and for a base period designated as described in Appendix B:

(a) The number of students who enrolled in that period;

(b) The number and percentage of such students who were graduated during that period;

(c) The number and percentage of such students whose course of study was terminated during that period; and

(d) The number and percentage of such students who remained actively enrolled at the end of that period.

9. (a) Contracting for the sale of any course of instruction in the field of accounting, television repair, electronics or any other subject, trade or vocation in the form of a sales contract or any other agreement which does not contain on the front page of the contract in bold face type of a minimum size of ten (10) points, a statement in the following form:

If You Change Your Mind

After you sign this contract, we will send you a Disclosure Form that will tell you how many of our students graduate and get jobs. At the same time, we will mail you another disclosure form headed "If You Change Your Mind." You should know that if we mail you this disclosure form this means that we have accepted you as a student. If we don't send you both of these forms in the mail, this contract is automatically cancelled and you don't owe us anything.

If you have changed your mind, you have fourteen days to get out of this contract. The fourteen days start on the day that we mail you the disclosure forms, but you can cancel before then. All you have to do is sign the cancellation notice on the bottom of this page or the disclosure form, put a date on it, and mail it to us by midnight of the fourteenth day after the disclosure form is mailed to you. The disclosure form will tell you when your fourteen days are up.

If you want, you can also send a letter of your own during this fourteen day period that says you want to get out of this contract. Be sure that you sign and date the letter. If possible, keep a copy. Your contract will be cancelled the day you mail us the written notice.

If you decide not to take this course during this fourteen day period, we will send you a full refund of any money that you have paid. Once we know that you have decided not to take the course, we will return your money within two weeks from the day we receive notice of your cancellation.

(b) Failing to place at the bottom of the first page of enrollement contract the following detachable cancellation notice:

I've changed my mind and am getting out of the contract.

Date _____

Student's signature _____

(c) Failing to mail to the student, after the school has accepted the enrollment contract, the disclosure of the school's graduation and placement rate, as required by Part I, Paragraph 8 herein, and, on a separate sheet of paper, the following dated notice, as required by Part I, Paragraph 9(a).

If You Change Your Mind

If you have changed your mind, you have fourteen days to get our of this contract. These fourteen days will end at midnight on [14 days from the day notice is mailed]. All you have to do is sign this paper on the bottom, put a date on it, and mail it back to us by this date. Your contract will be cancelled the day you mail this notice back to us.

If you decide not to take this course during the fourteen day period, we will send you a full refund of any money that you have paid. Once we know that you have decided not to take the course we will return your money within two weeks from the time we receive notice of your cancellation.

If your change your mind and want to get out of this contract after you have started the course, you will owe the school some money. See the part of the contract called "Refund In the Event of Termination After You Start the Course" for an explanation of your rights to cancel after the course has started.

I've changed my mind and am getting out of the contract.

Date _____

Student's signature _____

(d) Failing to orally inform each prospective enrollee that he/she has a right to cancel at the time he/she signs a contact or agreement for the sale of any course of instruction.

(e) Misrepresenting in any manner the prospective enrollee's right to cancel.

(f) Failing or refusing to refund all payments made under the contract or sale and cancel and return any negotiable instrument executed by the prospective enrollee in connection with the contract or sale, to the prospective enrollee within fourteen (14) business days after receipt of such notice of cancellation.

10. (a) Contracting for the sale of any course of instruction in the field of accounting, television repair, electronics or any other subject, trade or vocation in the form of a sales contract or any other agreement which does not contain on the front page of the enrollement contract, immediately following the disclosure notice re-

quired by Part I, Paragraph 9(a) herein, the following statement:

Refund In the Event of Termination After You Start the Course

If you change your mind after this fourteen day period, you can still drop this course any time. All you have to do is send or give us a letter signed and dated by you that says you want to drop the course.

If possible, you should keep a copy of the letter. The day you send us this letter, you've dropped the course.

If you do drop out, you still will have to pay for the lessons you sent in. We'll figure the amount you owe us like this. The price per lesson is $——. We multiply this by the number of lessons you sent in. We add $—— registeration fee. The total is what you owe us.

If you've already paid more, we'll refund you the difference within 28 days after we receive the letter.

(b) Receiving, demanding or retaining more than a pro rata portion of the total contract price plus a registration fee in an amount not to exceed $75 in the event a student cancels his course in accordance with the terms of this paragraph, and such pro rata portion will be calculated in the following manner:

(1) The school must calculate the number of lessons received from the student before the student's cancellation;

(2) This number must be divided by the total number of lessons required to complete the course; and

(3) The resulting number shall be multiplied by the total contract price.

(c) Failing to provide the student with the correct refund payment, if any, or to cancel that portion of the student's indebtedness that exceeds the amount due the school, within twenty-one (21) days of the receipt of cancellation pursuant to this Paragraph.

(d) Failing to orally inform each prospective enrollee that there is a refund policy in the event the student cancels his course of instruction prior to completion of the course of instruction.

(e) Misrepresenting in any manner the nature of the prospective enrollee's tuition obligation and right to a refund upon cancellation.

11. Misrepresenting, orally, visually, in writing or in any other manner, directly or by implications that respondents' courses are endorsed by the Veteran's Administration, HEW or any Government Agency or Department; or misrepresenting in any manner the extent or nature of any approval or other form of government action taken with respect to any school or course of instruction.

12. In the event the Commission promulgates a final Trade Regulation Rule on Advertising, Disclosure, Cooling-Off and Refund Requirements Concerning Proprietary Vocational and Home Study Schools, then, so long as and to the extent that such Rule shall be in effect, such Trade Regulation Rule shall completely supersede and replace the provisions of this Order set forth in Part I, Paragraphs 1(a), 7, 8, 9 and 10: *Provided*, That if no provision of the Trade Regulation Rule relates in whole or in part to any matter covered by provisions of one of the aforesaid Paragraphs of this Order, then said provisions of said Paragraph shall remain in full force and effect.

II

It is further ordered, That:

1. Respondents deliver a copy of this decision and order to each of its present and future employees salesmen, agents, solicitors, independent contractors or to any other person or entity who promotes, offers for sale, sells or distributes (hereinafter referred to as "sells") any course of home study instruction included within the scope of this order.

2. Respondents provide each person or entity described in Part II, Paragraph 1 of this order with a form returnable to the respondents clearly stating his or her intention to be bound by and to conform his or her business practices to the requirements of this order; retain said statement during the period said person or entity is so employed and for a period of five (5) years thereafter; and make said statement available to the Commission's staff for inspection and copying upon request.

3. Respondents inform each person or entity described in Part II, Paragraph 1 of this order that the respondent will not employ or will terminate the employment of any such person or entity in selling such home study courses, unless such party agrees to and does file notice with the respondents that he or she will be bound by the provisions contained in this order.

4. If a person or entity described in Part II, Paragraph 1 of this order will not agree to file with respondents the notice set forth in Part II, Paragraph 2 of this order and be bound by the provisions of the order, respondents shall not employ or continue the employment of, such person or entity to sell any course of instruction covered by this order.

5. Respondents inform the persons or entities described in Part II, Paragraph 1 of this order that respondents are obligated by this order to discontinue dealing with or to terminate the employment in selling their courses of persons or entities who continue on their own the acts or practices prohibited by this order.

6. Respondents discontinue dealing with or terminate the employment in selling the courses of any person or entity described in Part II, Paragraph 1 of this order, who continues on his or her own any act or practice prohibited by this order.

7. Respondents shall forthwith distribute a copy of this order to each of its divisions or subsidiary corporations which is involved in the advertising, promotion or sale of any home study course of instruction included within the scope of this order.

III

It is further ordered, That:

1. Respondents shall not issue any instructions or directions respecting the Escrow Account to the Federal Trade Commissionor its designee, or the Escrow Agent in the performance of their duties pursuant to this Agreement and the Escrow Instructions attached hereto as Appendix C and incorporated herein, including but not limited to, investment of the Property held by the Escrow Agent, determination of purchasers pursuant to Part IV of this order and the written directions of the Federal Trade Commission or its designee, or disbursement of the Property by the Escrow Agent. Respondents shall not exercise any control over the property in the Escrow Account.

2. Respondents shall provide the Federal Trade Commission or its designee access on respondents' premises to any student file folders maintained by respondents, provided the Federal Trade Commission has the consent of the students whose files are sought for inspection.

IV

It is further ordered, That:

1. For the purposes of Part IV of this Order, the following definitions shall apply:

(a) The term "Purchasers" shall mean those students who paid all or some portion of their own tutition to respondents and who did not have their tutition paid in full, or their payments fully reimbursed, by any federal, state or local government agency or department, or any private business organization, other than one that he/she owns;

(b) The term "Relevant Period" shall mean the period commencing May 27, 1974 to the present.

(c) A purchaser shall be deemed to be covered by the relevant period if such purchaser:

(1) Enrolled in a Bell & Howell Schools, Inc. electronics or accounting home study course during the relevant period; or

(2) Enrolled in a Bell & Howell Schools, Inc. electronics or accounting home study course after January 1, 1971 and made any tuition payment during the relevant period to Bell & Howell Schools, Inc. or to any person

or entity on account of any such course.

2. Respondents shall submit to the Chicago Regional Office of the Federal Trade Commission, within thirty (30) days after the date this Order is served on respondents, a notarized affidavit executed by a duly authorized officer of respondents, to the effect that respondents have made a good faith search of documents that pertain to puchasers of respondents' accounting, television repair, and electonics courses of instruction, and that respondents, to the best of their knowledge, have previously or simultaneously with said affidavit submitted to the Chicago Regional Office of the Federal Trade Commission the names and most current known addresses of all such purchasers who enrolled in said courses after Janary 1, 1971.

3. The Federal Trade Commission has determined that purchasers who may be eligible to receive refunds from the Escrow Account are those purchasers who in the relevant period:

(a) (1) Enrolled in the course for the purpose of obtaining employment in their fields of instruction; and

(2) Successfully completed 100% of the lessons in the course; and

(3) Sought employment in their fields of instruction; and

(4) Did not obtain employment in their fields of instruction.

(b)(1) Terminated, or were terminated, from their course of instruction prior to completion of 100 percent of the lessons because:

(a) They were unable to successfully assimilate the subject matter of the course because they lacked adequate education or background; or

(b) They were unable to successfully assimilate the subject matter of the course because they could not obtain instructional assistance through help sessions, or telephone services, or requests for technical consultation and they indicate that such assistance was necessary to progress through the course; or

(c) They were unable to devote sufficient time to study for the course.

(c) (1) Enrolled in an accounting course with the expectation that they would be qualified by graduation from the course to take the state licensing examination to become a Certified Public Accountant in the state in which the purchasers resided; and

(2) Later determined that they were not thereby qualified to take the state licensing examination to become a Certified Public Accountant in the state in which they resided as of the date of the sales presentation, and

(3) Indicate that they terminated from the course of instruction because, or determined after graduation that, they were not thereby qualified to take the state licensing examination to become a Certified Public Accountant.

(d) (1) Were misled as to the cost of the course of instruction which would have to borne by the purchasers or as to the refund policy of Bell & Howell Schools, Inc. in the event such purchasers terminated their enrollment in such course; and

(2) Terminated, or were terminated, from the course of instruction prior to completion of 100 percent of the lessons of the course.

(e) (1) Were terminated from their courses of instruction because the purchasers failed to submit lessons in a timely manner to Bell & Howell Schools, Inc; and

(2) Indicated that the reason for their delay was that Bell & Howell Schools, Inc. failed to supply equipment or lessons to the purchasers as represented in its advertisements, sales presentation, or enrollment contracts.

(f)(1) Enrolled in the course for the purpose of obtaining employment in their fields of instruction; and

(2) Terminated from the course of instruction because they were informed that such course was not adequate to prepare them for employment in the fields for which such course offered training.

4. The fact that a purchaser is canvassed does not itself mean that such purchaser will receive a refund. The Federal Trade Commission or its designee shall determine which purchasers shall be entiled to a refund and the amount to be paid such purchasers: *Provided, however,* That such refund shall be based upon no more than the amount of the purchaser's tuition obligation not paid or reimbursed by any federal, state or local government agency or department, or any private business organization, other than one that he/she owns. In no event shall any purchaser receive an amount greater than his/her tuition obligation less his/her reimbursement or other payment from the aforementioned agencies, departments or organizations. Such refunds shall be paid out of the Escrow Account established pursuant to Paragraphs 9 through 13 and Part III of this Order.

5. No purchasers shall be deemed by respondents to have waived any claim that they may have, or may hereafter have, against respondents, their successors and assigns, arising in any manner whatsoever from enrollment in any of respondents' home study courses prior to January 21, 1976, unless such purchasers accept a refund pursuant to Part IV of this order. Acceptance of a refund pursuant to Part IV of this Order will be a bar to assertion of any such claim.

V

It is further ordered, That respondents maintain for a period of ten (10) years, records which shall show the manner and form of respondents' continuing compliance with the above terms and provisions of this Order.

VI

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents such as dissolution, assignment, or sale resulting in the emergence of a successor corporation or corporations, the creation or dissolution of subsidiaries or any other change in the corporations which may affect compliance obligations arising out of the Order: *Provided, however,* That if respondents do not have thirty (30) days lead time between proposal of such change and its consummation, respondents shall notify the Commission thereof at the earliest feasible time before consummation and any entity which may succeed to any part of the business covered by this order will have been advised of every provision of this order and will have agreed to be bound thereby.

VII

It is further ordered, That the respondents herein shall within sixty (60) days after service upon them of this Order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this Order.

APPENDIX A

ABC SCHOOL—DRAFTING COURSE

Jobs and Earnings Record for students enrolled between January 1, 1974 and January 1, 1976

I. *Graduation Record*

100 students enrolled.

50 students graduated. That's 50% of the class.

30 students didn't finish the course. That's 30% of the class.*

20 students are still enrolled. That's 20% of the class.

II. *Placement Record*

36 graduates have told us that they got jobs in drafting within four months of leaving school.** That's 72% of those who graduated.

Here's what they earned:

9 earned $6,000–$7,999. (18% of all graduates)

11 earned $8,000–$9,999. (22% of all graduates)

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*Students may drop out of a course for any of several reasons, such as dissatisfaction with the course, inability to do the work, or personal reasons.

**[Optional] Some (many) of our students don't take this course to get a job, and we were unable to reach some of our graduates to find out whether they got jobs.

7 earned $10,000-$11,999. (14% of all graduates)

7 earned $12,000-$13,999. (14% of all graduates)

2 refused to tell us what their salary was. (4% of all graduates)

APPENDIX B

The first Base Period shall be the two (2) year period ending three (3) months prior to the effective date of this Order. Subsequent base periods shall be of two (2) year duration commencing on the next day following the termination of the prior base period. Base Periods shall be numbered consecutively beginning with the first base period (i.e. Base Period #1) as defined above.

The three (3) month period immediately following the close of a base period shall be used by respondents to record and compile the information required by Part I, Paragraph 1(a) 8 and Appendix A. In addition, respondents may not include in the computation of students for the base period any person whose enrollment terminated during the three (3) month recordation period. Such persons will be included in the statistics for the subsequent base period.

On the first business day falling more than three (3) months after the termination of the base period, respondents shall begin dissemination of that base period's statistics as required by this Order. Respondents shall continue to distribute said statistics until the first business day falling three (3) months after the termination of the next base period, at which time dissemination of the next set of base period statistics must begin.

The following example describes how the two (2) year base period and three (3) month recordation period will be utilized by the respondents:

Base Period 1 will cover that period which begins two (2) years and 90 days prior to the effective date of the Order. If the Order is effective October 1, 1978, the base period will encompass the period June 1, to June 30, 1978. Respondents will then have from July 1 to September 30, 1978 to compile the data required by the Order. Respondents will disseminate the gathered data on October 1.

Base Period 2 would begin on July 1, 1978 and end July 30, 1980. From August 1 to October 31 respondents would compile the data required by the Order. This data is to be disseminated on the first business day after November 1.

ANALYSIS OF PROPOSED CONSENT ORDER TO AID PUBLIC COMMENT

The Federal Trade Commission has accepted an agreement to a proposed consent order from Bell & Howell Company and Bell & Howell Schools, Inc.

The proposed consent order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement or make final the agreement's proposed order.

The Commission's complaint charged Bell & Howell with violation of Section Five of the Federal Trade Commission Act in advertising, promoting, offering for sale, selling, and distributing home study courses in the fields of accounting and electronics to consumers. Specifically, it was alleged that Bell & Howell misrepresented: (1) jobs and earning opportunities that would be available to graduates of their courses; (2) the success of their placement service in obtaining jobs for graduates of their courses; (3) the selectivity of the school in enrolling students; (4) the minimum educational background which would be sufficient for successful completion of their courses; (5) the nature and extent of instructional assistance that would be provided to students who enrolled in their courses; and (6) the difficulty of their course material.

Additionally, the complaint charged Bell & Howell with violation of Section 5 of the Act for failing to disclose to prospective enrollees: (1) The number and percentage of students who were graduated from their courses; (2) the number and percentage of students who obtained jobs in their field of study; (3) the earnings of those graduates who were able to obtain jobs in their fields of study; (4) the nature and content of the written lesson materials; and (5) the true nature of the financial obligation incurred by enrollees in respondents' courses.

The complaint also charged respondent with violation of Section 5 of the Act for failing to fulfill certain contractual obligations to students.

The complaint also charged Bell & Howell with violation of Section 5 of the Act arising from the manner in which they recruited, compensated and terminated their sales representatives.

The complaint also charged Bell & Howell with violation of Section 5 of the Act arising from their misrepresentation of the nature and the use of veterans' benefits pursuant to the Veterans Educational Assistance Act.

The Agreement which contains the proposed consent order provisions provides for Bell & Howell to pay $1.2 million to be distributed by the Federal Trade Commission to former students who enrolled in Bell & Howell Schools, Inc. home study courses. These funds have been deposited by Bell & Howell Company in an escrow account at the Continental Illinois National Bank and Trust Company of Chicago. All interest earned by investment of the $1.2 million will accrue to the settlement sum.

The Agreement also provides that any net income tax liability assessed against interest earned by investing the settlement sum shall be paid out of the total settlement sum (i.e., $1.2 million plus interest).

No part of the settlement sum will be returned to Bell & Howell, unless either the Commission fails to accept the Agreement of the Commission does not pay out to consumers all of the funds available for distribution.

The agreement also provides that receipt by a student of a refund pursuant to the Agreement and order will not cancel or reduce any outstanding tuition or loan obligation that the student may have as a result of enrolling in the Bell & Howell courses. The Commission has agreed to notify students of this fact.

Part I of the Order prohibits Bell & Howell from engaging in most of the acts or practices alleged in the complaint to be violations of the FTC Act. Bell & Howell is no longer engaged in the home study business. Bell & Howell is prohibited from representing that there is significant or substantial need or demand for persons completing their correspondence courses unless such representations are accompanied by disclosures of the number of students who graduated from a course and obtained a job in the field for which the course trained them. Bell & Howell must also disclose the salary obtained by such graduates. If such information is not provided to Bell & Howell by graduates of its courses, or if the course is too new to determine whether or not graduates were able to obtain employment, then Bell & Howell must inform prospective students of such facts.

Bell & Howell is also prohibited from misrepresenting: (1) That experience is not required or advantageous for employment in the fields for which Bell & Howell offers a correspondence course; (2) that graduates of respondents' courses will be able to find a job easily; (3) the effectiveness of, or the services provided by, the Bell & Howell placement service; (4) the availability of instructional assistance provided to Bell & Howell students; and (5) that the courses offered have been endorsed by a governmental agency.

The order also requires Bell & Howell to disclose to consumers: (1) That many employers of accountants,

electronics technicians or television repairman require experience or education beyond that offered by the Bell & Howell course; (2) the number of students who enrolled in the Bell & Howell courses and the graduation and drop-out percentages of those students; (3) the manner in which a student cancel his/her contract; (4) the manner in which a student's tuition obligation will be calculated if the student drops out of the course.

Additionally, the Agreement and order required Bell & Howell to deposit $1.2 million in escrow for the purpose of establishing a fund from which refunds can be paid to former Bell & Howell correspondence school students. For purposes of determining eligibility for redress, a student must have enrolled in a Bell & Howell correspondence course after January 1, 1971 and have made a tuition or loan payment after May 27, 1974.

The order provides that the Commission in its sole discretion, has the right to determine which students will be eligible and whether refunds to specific categories of students will be total or partial. Students who may be eligible to receive refunds are those who:

(1) Enrolled in the course to obtain employment, graduated, looked for a job in their field of study, and did not find one; or

(2) Dropped-out or were terminated from enrollment because they lacked adequate education or background to understand the course materials, or, were unable to get instructional assistance that they needed in order to understand the course materials, or did not have enough time to study for the course; or

(3) Enrolled in the accounting course with the expectation that they would be able to take the CPA exam in their State, and subsequently found out that the course did not qualify them to take the exam; or

(4) Were misled as to the amount they would have to pay for the courses; or

(5) Were terminated from their course because they failed to submit lessons on time and their delay was a result of not having supplies on hand to do the work; or

(6) Enrolled in the course to get a job and dropped out because they found out the course did not qualify them for a job.

No determination has been made about which of the six categories of eligible consumers will be considered for refunds. It is possible that eligible consumers in one or more of the six categories will not receive any refund.

The order provides that no refund shall exceed a student's tuition obligation less any reimbursement such student received from a Federal, State or local government agency or department. Despite the fact that the Commission staff objected to this limitation, which precludes the Commission from refunding money already paid to students by the Veterans' Administration, Bell & Howell insisted on its inclusion in the order. Students who accept a refund from the Commission will not have their tuition or loan obligation cancelled or reduced, but the students waive any claims they may have against Bell & Howell arising from their enrollment in the course.

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the agreement and proposed order or to modify in any way their terms.

CAROL M. THOMAS,
Secretary.

[FR Doc. 79-9776 Filed 3-29-79; 8:45 am]

[6750-01-M]

[16 CFR Part 13]

[File No. 9116]

RHINECHEM CORP., ET AL.

Consent Agreement With Analysis To Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Provisional consent agreement.

SUMMARY: In settlement of alleged violations of federal law prohibiting unfair acts and practices and unfair methods of competition, this provisionally accepted consent agreement, among other things, would require a New York City manufacturer and seller of organic pigments to terminate all agreements providing for the acquisition of the Chemetron Corporation's organic pigments business; return all confidential documents exchanged during the negotiations; and provide the Commission with evidence of its compliance with these requirements. Additionally, Rhinechem would be required, through December 31, 1981, to furnish the Commission with 90-days advance notice should it seek either to acquire Chemetron's organic pigment business or sell its own to Chemetron or Chemetron's corporate parent, Allegheny Ludlum Industries, Inc.

DATE: Comments must be received on or before May 29, 1979.

ADDRESS: Comments should be directed to: Office of the Secretary, Federal Trade Commission, 6th St. and Pennsylvania Ave., NW., Washington, D.C. 20580.

FOR FURTHER INFORMATION CONTACT:

Paul W. Turley, Director, 3R, Chicago Regional Office, Federal Trade Commission, 55 East Monroe St., Suite 1437, Chicago, Ill. 60603. (312) 353-4423.

SUPPLEMENTARY INFORMATION: Pursuant to Section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46 and § 3.25(f) of the Commission's rules of practice (16 CFR 3.25(f)), notice is hereby given that the following consent agreement containing a consent order to cease and desist and an explanation thereof, having been filed with and provisionally accepted by the Commission, has been placed on the public record for a period of sixty (60) days. Public comment is invited. Such comments or views will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with § 4.9(b)(14) of the Commission's rules of practice (16 CFR 4.9(b)(14)).

RHINECHEM CORP., ET AL.

[Docket No. 9116]

AGREEMENT CONTAINING CONSENT ORDER TO CEASE AND DESIST

This agreement by and between Rhinechem Coporation, a corporation, by its duly authorized officer, and its attorneys, and counsel for the Federal Trade Commission, is entered into in accordance with the Commission's Rule governing consent order procedure. In accordance therewith the parties agree that:

1. Respondent Rhinechem Corporation (hereinafter Rhinechem) is a corporation existing and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business at 425 Park Avenue, New York, New York. Rhinechem is a wholly-owned subsidiary of Bayer International Finance N.V., which in turn is a wholly-owned subsidiary of Bayer AG, a West German corporation with headquarters in Leverkusen, Federal Republic of Germany.

2. Rhinechem has been served with the complaint issued by the Federal Trade Commission on August 23, 1978, charging it with violation of Section 5 of the Federal Trade Commmission Act and Section 7 of the Clayton Act.

3. Rhinechem admits all jurisdictional facts set forth in the Commission's complaint in this proceeding.

4. Rhinechem waives:

(a) Any further procedural steps;

(b) The requirement that the Commission's decision contain a statement of findings of fact and conclusions of law; and

(c) All rights to seek judicial review or otherwise to challenge or contest the validity of the order entered pursuant to this agreement.